

Company Registration No. 10257723 (England and Wales)

SMART MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



SMART MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

- Chair

J Clark (resigned 5 December 2018)
G Caleary (resigned 9 October 2018)
C Foster
K Hofbeck
S Foster
C Christie (appointed 23 October 2018)
M Thomas (appointed 29 July 2019)

Trustees

J Clark (Resigned 5 December 2018)
Dr H Roberts (Resigned 30 November 2018)
J Corlett (Resigned 30 September 2018)
M Leddy (Resigned 27 November 2018)
A Hodge (Resigned 13 October 2018)
S Taylor (Resigned 10 October 2018)
G Caleary (Resigned 9 October 2018)
C A Christie (Chair) (Appointed 23 October 2018)
D Piggett (Appointed 21 November 2018)
E Morrison (Appointed 21 November 2018 and resigned 11 November 2019)
J Quinn (Chair of Finance and Audit) (Appointed 21 November 2018)
S A Bewick (Appointed 21 November 2018)
Mr E Gray (Appointed 24 January 2019 and resigned 30 August 2019)
A Keenleyside (Vice chair) (Appointed 20 December 2018)
M Anderson (Appointed 7 March 2019)
J Lawson (Appointed 31 October 2019)

Senior management team

- CEO
- Acting CEO
- CEO
- CFO (interim)
- Director of Business & Finance
- Acting Headteacher
- Headteacher
- Executive Headteacher
- Headteacher
- Acting Headteacher
- Headteacher
- Headteacher
- Headteacher

C Lofthouse (Accounting Officer from 1 August 2019)
I Lane (Accounting Officer from 1 October 2018 until 31 July 2019)
J Corlett (resigned 30 September 2018)
G Rowe (appointed 3 September 2018 and resigned 31 August 2019)
A Robinson (appointed 3 September 2019)
K Coulter
S Hayes
L Gallon
C Shield
E Elliot
J Evans
E Pattison
S Lonsdale

Company registration number

10257723 (England and Wales)

Registered office

Wyndham Primary School
Montagu Avenue
Newcastle upon Tyne
NE3 4SB

SMART MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated

Wyndham Primary School
Stocksfield Avenue Primary School
Farne Primary School
Cheviot Primary School
Mountfield Primary School
Kenton Bar Primary School
Kingston Park Primary School
North Fawdon Primary School

Location

Newcastle upon Tyne
Newcastle upon Tyne
Newcastle upon Tyne
Newcastle upon Tyne
Newcastle upon Tyne
Newcastle upon Tyne
Newcastle upon Tyne
Newcastle upon Tyne

Headteacher

K Coulter (Acting)
S Hayes
L Gallon (Executive)
L Gallon (Executive)
C Shield
E Pattison
J Evans
E Elliot (Acting)

Independent auditor

RSM UK Audit LLP
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates 8 primary academies in Newcastle upon Tyne. Its academies have a combined pupil capacity of 2,510 and had a roll of 2,370 in the school census in May 2019, showing little variance from this time last year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust was formed on 29 June 2016 and is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association dated 29 June 2016 are the primary governing documents of the academy trust.

The charitable company is known as SMART Multi Academy Trust. The eight schools that form the academy trust are known as Wyndham Primary School, Stocksfield Avenue Primary School, Farne Primary School, Cheviot Primary School, Mountfield Primary School, Kenton Bar Primary School, Kingston Park Primary School and North Fawdon Primary School. The schools converted to academy status on 1 November 2016.

The trustees of SMART Multi Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these financial statements are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions. As required in the Academy's Articles of Association indemnity insurance has been taken out to cover the liability of trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the academy trust. Provided that any such insurance shall not extend to any claim arising from any act or omission which the trustees knew to be a breach of trust or breach of duty or which was committed by the trustees in reckless disregard of whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the trustees in their capacity as trustees.

Method of recruitment and appointment or election of trustees

Trustees are recruited on the basis of the specific skills which they can bring to the board of trustees. This initial assessment is undertaken by the Members who ask the Chair and Vice Chair of the Board to interview suitable individuals, and all appointments are ratified by the Members.

Policies and procedures adopted for the induction and training of trustees

All current Trustees were recruited in this year. All except for one, were recruited via the Academy Ambassadors programme. In Autumn 2018, induction was run for Trustees to appraise them of the role of Trustee and familiarise them with the Scheme of Delegation, policies and procedures. With the support of an experienced Clerk to the Board, Trustees have been supported in their first year in office. The Clerk has helped to ensure understanding of the requirements of the Charities Commission and the specific requirements of the Academies Financial Handbook, as it relates to the role of trustee. Trustees are provided with periodic updates on key issues identified by the Charities Commission and updates in relation to the Academies Financial Handbook and Accounting Officer updates are reported to and discussed at the Board of Trustees' meetings and appropriate sub-committees.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Organisational structure

The company is set up as a Multi Academy Trust model and the board of trustees meet at least 6 times per annum to discuss the strategic objectives with the chief executive officer, who is the accounting officer and with the chief finance officer in attendance.

The board of trustees are supported by two committees; the Performance and Curriculum Committee and the Finance and Audit Committee.

The scheme of delegation for the academy trust defines the relationship between the board of trustees and individual Local Governing Boards and clarifies the responsibilities of the Local Governing Boards.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel is set in line with the academy trust pay policy which is reviewed annually and reflects the national pay and conditions guidance for teaching staff and leaders and the local authority guidance for other staff. Benchmarks such as the size of school and the complexity of the role are built into the processes detailed in the pay policy.

Performance Management is used to determine pay progression for all posts across the academy trust. The chief executive officer advises the board of trustees in respect of headteacher posts. Local Governing Boards also receives recommendations from the headteacher/executive headteacher for all senior staff and teachers across the schools of the academy trust. The pay policy is reviewed annually by the board of trustees.

Trade union facility time

The academy trust has no employees who have spent time working on trade union facility time to include within the financial statements.

Related parties and co-operation with other organisations

The academy trust has a policy in place for staff and directors to disclose and handle related party transactions in line with company and charity law and ESFA guidance (particularly in relation to the Academies Financial Handbook). There are no related party transactions to report.

OBJECTIVES AND ACTIVITIES

The objectives of the academy trust are set out in the Articles of Association and are as follows:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the mainstream academies") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the special academies").

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set. The academy trust has provided a fully comprehensive education to all students in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

STRATEGIC REPORT

Achievements and performance

Ofsted

Six of the trust's schools were inspected during this period: Cheviot, Farne, Kingston Park, Mountfield, North Fawdon, Stocksfield Avenue and Wyndham received Section 8 "short inspections". These inspections were the first since conversion. All retained their "good" rating. Cheviot Primary school received a 'good and improving' letter which will trigger a full re-inspection to determine if it is a Grade 1 outstanding school sometime during the academic year 2019-20.

This firmly underlines that the Trust's strength is the quality of its schools and shows the capacity for the Smart MAT to provide support and challenge to its schools so that rapid school improvement is possible.

The recent Ofsted Inspections report the positive influence of the Trust on school development:

'Since joining the Smart Multi-Academy trust in November 2016, you have welcomed the strong partnership working that being part of a trust allows.' Extract North Fawdon Report 17.07.19

'Collectively they [trustees, CEO and Local Governors] bring a wide range of skills and experiences, providing an appropriate balance of support and challenge to school leaders.' Extract Stocksfield Avenue Report 13.06.19

'The wider trust has evolved a system whereby pupils on a trajectory to exclusion remain within another school in the trust. They receive support before transitioning back into school. As a result, the school has had no exclusions.' Extract Wyndham Primary Report 05.07.19

2019 Outcomes

Overview

All outcomes for 2019 are, at this stage, "provisional". Overall, performance across the Trust was strong. Improved results were seen at both KS1 and KS2. At KS2, the combined RWM at age related expectation (ARE) is 71% (national = 65%), which represents a 3% improvement on last year's final figure of 68%. The Trust has improved its combined RWM by 2% more than was the case nationally. Indications too are that KS1 to KS2 progress scores have come through strongly. EYFS and Year 1 Phonics scores are marginally down on last year. At ARE at KS1 and KS2, we are above national in all statutory measures except for Writing at KS2, which is equal to national. Good gains have also been seen at Greater Depth in all skill areas at KS2 apart from writing, which reduced slightly but was still above the national average by one percentage point.

Early Years Foundation Stage (EYFS)

Improving outcomes at the end of the Early Years continues to be a key priority for all schools. Results for 2019 are showing that the proportion of children reaching a Good Level of Development (GLD) at 67% dipped by 2% this year (National 2019 = 71%). Children achieving a GLD are those achieving at least the expected level within the following areas of learning: communication and language; physical development; and personal, social and emotional development; literacy; and mathematics. Such pupils are deemed to be fully prepared to access the Key Stage 1 curriculum at the beginning of Year 1.

The overall gap between the disadvantaged and non-disadvantaged, whilst slightly wider for the multi-academy trust than last year (9%), has narrowed since conversion from 12% to 10%.

Year 1 and Year 2 Phonics Checks

Outcomes in the Year 1 Phonics Check across the multi-academy trust as a whole at 80% (Nat = 82%) represented a 3% dip on last year. Disadvantaged pupils performed in line with their non-disadvantaged peers. The Year 2 Phonics Check improved from 92% to 93% (most recent national = 91%).

Key Stage 1

Across the Multi-Academy Trust, at the Expected Standard there was an improvement on last year's performance in Reading, from 74% to 76% (national = 75%). Maths also improved from 76% to 77% (National 2019 = 76%) Writing at 71%, against the same figure as last year remains above national at 69%. In each of Reading, Writing and Maths, huge gains were seen in the performance of the disadvantaged at both age related expectation and at Greater Depth. This was an identified priority a year ago and the within-cohort gap is now minimal.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Key Stage 2

Outcomes at KS2 were extremely positive as reflected in the combined RWM referenced above and as seen in the impact on progress. Whilst the proportion of pupils achieving at ARE in Reading remained at 76%, there was a 2% dip nationally. The teacher assessed Writing dipped by 4% but remains equal to national at 78%. In Maths at 82% (national = 79%), a 3% improvement was seen on the previous year.

At Greater Depth, there were gains seen in both Reading and Maths and in all skill areas the Trust is now performing at above national (2019). In the English, Grammar, Punctuation and Spelling (EGPS), at 79% (national = 78%) there was a slight dip of 2% on the previous year. In EGPS at Greater Depth, there was an improvement of 4% to 39% (latest national = 36%).

The improvements seen in 2018 in ARE for the Disadvantaged at KS2 were sustained in Reading, Writing and EGPS in 2019 and impressive gains were seen in Maths, which was improved from 68% to 80% and in the combined RWM from 56% to 67%. At Greater Depth, good gains were seen in EGPS from 19% to 28% and Maths saw an impressive improvement from 7% to 21% achieving at this standard.

Progress scores for the Multi-Academy Trust at KS2 overall remain positive (above national) across all skill areas. Reading and maths improved from 1.4 to 2.2 and 1.0 to 2.3 respectively compared to 2018.

Financial review

The majority of the Multi-Academy Trust's income is obtained from the Department for Education, via the Education and Skills Funding Agency, in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DFE/ESFA during the year to 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2019 total income, excluding Restricted Fixed Asset Grant Funding, was £12,303k (2018: £12,005k), from which the Trust reports an operating deficit of £110k (2018: £431k deficit) after restructuring costs of £101k were incurred (2018: £25k). Underlying operational financial performance has significantly improved during the current year, generating a surplus of income over costs of £9k excluding restructuring costs.

The operating deficit before depreciation, capital additions and pension fund includes an unrestricted surplus of £28k, unchanged from 2018. GAG carry forward is £223k (2018: £398k)

Total income in the year was £13,754k (2018: £12,482k) including £1,451k of Restricted Fixed Asset funding received (2018: £479k) in support of major infrastructure and safeguarding capital works completed across a number of schools within the Trust.

Restricted Fixed Asset Funding is in the form of devolved capital allocations made available by the DFE to all schools, and also a specific capital grant allocations secured through the Condition improvement Fund. During the year, £154k (2018: £57k) was received in respect of devolved capital allocations and a total of £1,297k (2018: £419k) was awarded and recognised in Condition Improvement Fund grant monies awarded have been utilised primarily on significant infrastructure refurbishment projects to replace roofing across four of our schools, as well as further £65k on Safeguarding improvements at Wyndham Primary School.

The academy trust closely tracks the level of reserves across the individual academies within the academy trust. The year end position, as at 31 August 2019 was that the level of reserves not tied up in fixed assets and excluding pension balances were £945k (2018: £1,091k), which is marginally below the expectation based upon budget provisions at the individual academies of £994k. The board of trustees have reviewed the reserves policy and are confident that there are sufficient level of reserves to meet current operating needs.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Financial and risk management objectives and policies

The academy trust has an approved Risk Management strategy. This strategy :-

Defines what the risk is that we are concerned about and critically also defines what specific impact this could have upon the operation of the academy trust.

Assesses the impact upon the academy trust if that risk materialises: in terms of reputational impact, financial impact, and service / outcome impact.

Assesses the probability of that risk materialising.

Assesses the extent to which the risk (or its impact) can be mitigated through actions which the academy trust can effect and reassesses the impact upon the academy trust if these steps are effectively implemented.

The individual risks within the risk management strategy and their associated management action plans are then reviewed by either the Performance and Curriculum Committee or the Finance and Audit Committee depending on the nature of the risk.

Reserves policy

There is transparency between all bodies within the academy trust regarding the level of reserves to be maintained and the boundaries that exist around how those reserves may be deployed.

The academy trust can undertake a review if the judgements about appropriate levels of reserves remain pertinent in the light of environmental circumstances.

The academy trust can evidence how it maintains its viability as a going concern and what would be the triggers that would prompt a major review / intervention on the part of the board of trustees.

The academy trust can evidence how as a charitable organisation it takes responsibility for ensuring that it can respond to the risks identified within its Risk Strategy.

The policy specifically details the parameters for the expected levels of reserves for each school at the end of the financial year in question – and the financial monitoring process closely tracks whether those forecasts remain on-course and defines the intervention that takes place where there are significant concerns.

The academy trust sets specific expectations about the level of year end balances at the end of each year at each individual school. The expectation is that each school will finish each financial year with the level of balances budgeted for in the previous year plus an increase on a sliding scale from 3% per annum to 0.5% per annum (the lower rate applied if balances have already reached 8% of the major income streams for the school). Under this methodology, the minimum expected level of reserves at the end of the 2018-19 financial year would be £994k increasing to £1,135k at the end of the 2019-20 financial year.

The academy trust's current level of free reserves (total funds less amounts held in fixed assets and restricted funds) are in surplus by £721k, and the academy trust has budgets in place to build the reserves up to the required level.

Investment policy

The academy trust has approved an investment policy which defines the risk tolerance of the board of trustees and emphasises that the trustees place a high priority on the security of any investments and that this overrides all other priorities, and that any investment has to permit the effective management of cash flow to service the academy trust's outgoings.

The policy also stipulates that all income generated through investments will be reinvested back into the academy trust.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Key performance indicators

In terms of key performance indicators, the level of staff costs as a % of total expenditure remains an important benchmark – and for the year ended 31 August 2019, staff costs amounted to 77.8% (2018: 76.3%) of the total cost of the academy trust operation. These figures include both supply cost and staff restructure costs and the costs of the central team. It is important to note that excluding staff restructure costs in 2018-19, staff cost has reduced to 77.0% of total cost of operation. The other key financial indicator is the number of individual academies who have met the requirements of the board of trustees in terms of expected levels of reserves / balances at the end of the financial year, and this applied in the case of 3 of our 8 academies. For those schools which have generated lower than expected levels of reserves, additional support costs for ARC/SEN provision has generated some in year budgetary pressure.

As well as tracking performance outcomes for all year groups and groups of particular disadvantaged or vulnerable learners, a key success measure is the Ofsted judgements across our eight schools – all recently judged as Good by Ofsted. This is important for the Trust as it now means that all the children our trust serves are getting a good education which is significant given that a majority of our pupils come from disadvantaged backgrounds and deserve the best start in life possible through their education.

Plans for future periods

One of the objectives of the board of trustees as detailed in the Trust Business Plan is to be able to provide a support platform for other schools in the region, who may benefit from joining the academy trust. The potential expansion of the academy trust would deliver additional economies of scale and facilitate greater levels of collaborative working and the sharing of teaching and learning expertise.

However, any potential development of the academy trust needs to be underpinned by ensuring that the academy trust is highly effective in its key business responsibilities (whether or not it expands) and so the Business Plan of the academy trust focuses upon progression: by Strengthening further the governance arrangements within the trust; by Enhancing our robust arrangements for supporting school improvement activity and school effectiveness (particularly securing sustainably high outcomes for pupils and consistently good or better teaching throughout the academy trust); and by Strengthening further financial stability, particularly in the light of the uncertain school funding environment.

Principal risks and uncertainties

The trust is mindful that continuing good financial management and effective financial controls lead to the academy trust remaining in a positive financial position. As with all trusts some higher risk areas require particularly close scrutiny so that a timely response can be made to ensure continued financial security.

One of these risk areas is the potential for declining pupil numbers which could lead to schools becoming less viable – particularly if this scenario is aligned with the other significant risk – that of a continuing real term reduction in funding levels to schools.

As anticipated pupil numbers on entry to Reception across the trust are in decline. This is in line with the regional picture of lower primary entry numbers following a bulge in previous years which is now moving through into Secondary. Smart Trust October census figures show a drop of 55 pupils entering Reception from 2016-19. However this is mitigated against the picture across the trust for rising pupil numbers across the year due to places filling up due to in-year admits. May census figures show stable numbers from 2016-19.

Continued careful tracking of pupil numbers will allow schools to anticipate variation and respond in a timely way in budget setting. In mitigation of the pupil numbers risk we have some positive factors on the horizon. With Kenton Bar school now graded as 'Good' in its recent Ofsted inspection (previously Requires Improvement) and receiving its new building (due to be completed and in use by September 2020) we expect parents to be attracted to sending their children to the school. In addition there are expansion plans for Kingston Park Primary to move to three form entry due to large scale new home building adjacent to the school.

Given that the academy trust operates five Additional Resource Centres for pupils with highly significant and complex special educational needs, the maintenance of secure funding for these centres remains a significant area of concern.

SMART MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

The effective deployment of resources within school, alongside the maintenance of a highly skilled and motivated workforce, underpin the approaches to alleviate the most significant of our risks, that pupil progress is not secure in our schools leading to poor Ofsted inspection outcomes.

These significant risks are monitored through active review of the Risk Register at Board level - with individual risks being assigned to the Performance and Curriculum Committee, and the Finance and Audit Committee for more detailed scrutiny. The Executive Team have responsibility for ensuring that risk mitigation plans are appropriately reviewed and updated.

Fundraising

The academy trust does not work with commercial participators or professional fundraisers and does not engage third parties to undertake fundraising activities on its behalf.

Should individuals wish to complain about any fundraising activities conducted by the academy trust, they should follow the complaints or whistleblowing policy as appropriate.

EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES

The academy trust encourages the involvement of its employees in its management through the regular meetings and for receiving their views on important matters of policy.

The academy trust's recruitment policy is clear that it will employ persons with disabilities when they are suitable for a particular vacancy and every effort is made to ensure that full and fair consideration is given when such vacancies arise.

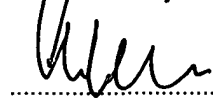
AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditor

The trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The trustees' report is approved by order of the board of trustees and the strategic report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 11 Dec 2019 and signed on its behalf by:



.....
C A Christie
Chair



SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that SMART Multi Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between SMART Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met 7 times during the year for full Board meetings. The two main sub-committees of Performance and Curriculum and Finance and Audit have also each met termly.

Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
J Clark (Resigned 5 December 2018)	2	2
Dr H Roberts (Resigned 30 November 2018)	1	1
J Corlett (Resigned 30 September 2018)	0	1
M Leddy (Resigned 27 November 2018)	0	1
A Hodge (Resigned 13 October 2018)	1	1
S Taylor (Resigned 10 October 2018)	1	1
G Caleary (Resigned 9 October 2018)	1	1
C A Christie (Chair) (Appointed 23 October 2018)	7	7
D Piggett (Appointed 21 November 2018)	6	7
E Morrison (Appointed 21 November 2018 and resigned 11 November 2019)	5	7
J Quinn (Chair of Finance and Audit) (Appointed 21 November 2018)	7	7
S A Bewick (Appointed 21 November 2018)	4	6
Mr E Gray (Appointed 24 January 2019 and resigned 30 August 2019)	2	4
A Keenleyside (Vice chair) (Appointed 20 December 2018)	4	5
M Anderson (Appointed 7 March 2019)	2	3
J Lawson (Appointed 31 October 2019)	0	0

SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Governance reviews

In the year from 1 September 2018 the trust has undergone considerable management change with a new board of trustees, a new CEO/Accounting Officer and a new DBF (Director of Business and Finance). The trustees bring business, accounting and schools experience and expertise as does the trust's executive management.

In this context, and taking regard of indications shared with us by the Regional Schools Commissioners, we paid particular attention throughout the year to our governance arrangements. Consequently the governance arrangements, although not the subject of a formal "governance review" as such, have been the object of top priority continuing attention. We believe this means the trust is now in a strong position in this regard covering the trust itself, the school LGBs and the school senior leadership teams.

As well as working with the management team in place during the year and employing the trust's new senior managers, the trust has produced a renewed approved scheme of delegation. In addition the trust has undertaken a Curriculum Based Financial Planning activity which was fully reviewed with the school senior leadership teams. This work which included direct trustee involvement, together with regular meetings involving the trust management and the school leadership teams, has enabled much improved communication, an enhanced channel for any concerns to be raised and clarity about the board's decisions and why they are made.

Throughout the period, as confirmed by recent inspections, the schools' educational performance has remained good and the information gathering in the centre through the management accounts system and the educational statistics gathered has been well supported and continues to be good. Recent changes introduced by the new management team reflect that in fact some statistical data gathering can safely be slightly reduced to reduce both teacher's effort and the board's possible information overload.

These factors together with the feedback from ongoing regular meetings lead us to the conclusion that the governance in the trust is good. We are working to ensure this continues and shall review results again by the end of the current school year.

Finally, although certainly not strictly governance, the trust recently had a day's convention to address the group's vision. Amongst many other things it showed a strong convergence in objectives between the board of trustees, the LGBs and the schools which we believe will certainly facilitate strong governance in our ongoing developments. This included shared visibility of some problems which will require attention, an example being the cost of provision of some of the special needs capabilities the trust considers important.

The finance and audit committee is a sub-committee of the main board of trustees. Its purpose is to approve and monitor the budget, approve purchases as per the agreed limits and to advise on the appointment of internal assurance and external audit.

SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
J Clark (Resigned 5 December 2018)	1	1
Dr H Roberts (Resigned 30 November 2018)	1	1
M Leddy (Resigned 27 November 2018)	0	1
A Hodge (Resigned 13 October 2018)	0	0
S Taylor (Resigned 10 October 2018)	0	0
C A Christie (Chair) (Appointed 23 October 2018)	5	5
D Piggett (Appointed 21 November 2018)	5	5
E Morrison (Appointed 21 November 2018 and resigned 11 November 2019)	4	5
J Quinn (Chair of Finance and Audit) (Appointed 21 November 2018)	5	5
S A Bewick (Appointed 21 November 2018)	1	5
Mr E Gray (Appointed 24 January 2019 and resigned 30 August 2019)	1	4
A Keenleyside (Vice chair) (Appointed 20 December 2018)	1	3
M Anderson (Appointed 7 March 2019)	0	2

Review of value for money

As accounting officer the chief executive officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available.

Within SMART Multi Academy Trust, we believe that effective delivery for money extends beyond specific procurement exercises, and we have endeavoured to deliver good value for money through:

- Reviewing that the level of our top-slice contribution is kept to the minimum necessary to deliver the essential central functions of a Multi Academy Trust, thus ensuring that the maximum resources are available to deliver high quality teaching and learning in our schools;
- Encouraging our schools to deploy benchmarking data to inform the spending decisions taken within the annual budget setting round;
- Supporting schools monthly monitoring and in the annual budget setting process to ensure that the resource setting aligns with the strategic objectives of the school and the academy trust; and
- Pursuing procurement exercises to secure better value for money – both in the central budget and taking advantage of our purchasing power across the academy trust.

Specifically within 2018-19, we have:

- Operated with a top slice contribution of 5% meeting the first objective set out above.
- Undertaken across all schools a curriculum-led financial planning exercise and used national benchmarking information to inform school spend.
- Undertaken central VFM procurement exercises, such as reviewing the Sickness Absence arrangements across the academy trust through a single insurance provider, procured through a single provider for all schools' and the centre's future photocopying needs and procured for all schools an electronic signing-in facility.

The academy trust recognises the importance of enhancing Value for Money and in 2019-20 we plan to embed further improved benchmarking processes and extend the range of contracts operated on an academy trust wide basis working collaboratively with our school leaders.

SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in SMART Multi Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the trustees have appointed RSM Risk Assurance Services LLP, as a reviewer, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Payroll
- Creditors

The board of trustees appointed RSM Risk Assurance Services LLP to carry out a full compliance review in 2018-19 and intends to re-appoint in December 2019 for a further year to complete a review of key areas to be agreed in the Finance & Audit Committee on 20 November 2019.

The reviewer reports to the board of trustees through the finance and audit committee on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

SMART MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

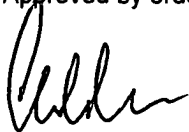
Review of effectiveness

As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the checks performed by RSM Risk Assurance Services LLP;
- the work of the external auditor; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 11.12.19 and signed on its behalf by:



C A Christie
Chair



C Lofthouse
Accounting Officer


SMART MULTI ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of SMART Multi Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.



C Lofthouse
Accounting Officer

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SMART MULTI ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of SMART Multi Academy Trust for the purposes of company law) are responsible for preparing the trustees' report (including the strategic report) and the financial statements in accordance with the Academies Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 11 Dec 2019 and signed on its behalf by:



C A Christie
Chair



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMART MULTI ACADEMY TRUST

Opinion

We have audited the financial statements of SMART Multi Academy Trust (the "charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMART MULTI ACADEMY TRUST (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Lucy Robson (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1 St. James' Gate

Newcastle upon Tyne

NE1 4AD

13/12/19

SMART MULTI ACADEMY TRUST

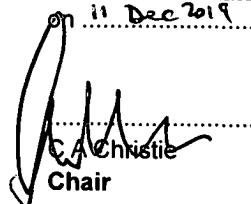
STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	3	1,099	25,241	1,450,938	1,477,278	480,233
Charitable activities:						
- Funding for educational operations	4	181,410	11,923,903	-	12,105,313	11,855,289
Other trading activities	5	170,318	-	-	170,318	145,046
Investments	6	948	-	-	948	1,164
Total		353,775	11,949,144	1,450,938	13,753,857	12,481,732
Expenditure on:						
Raising funds	7	170,318	-	-	170,318	148,980
Charitable activities:						
- Educational operations	8	155,794	12,735,494	296,711	13,187,999	12,544,977
Total	7	326,112	12,735,494	296,711	13,358,317	12,693,957
Net income/(expenditure)		27,663	(786,350)	1,154,227	395,540	(212,225)
Transfers between funds	20	-	(37,214)	37,214	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	26	-	(1,877,000)	-	(1,877,000)	802,000
Net movement in funds		27,663	(2,700,564)	1,191,441	(1,481,460)	589,775
Reconciliation of funds						
Total funds brought forward		693,832	(2,903,388)	8,479,941	6,270,385	5,680,610
Total funds carried forward		721,495	(5,603,952)	9,671,382	4,788,925	6,270,385

SMART MULTI ACADEMY TRUST**BALANCE SHEET****AS AT 31 AUGUST 2019**

	Notes	2019 £	2018 £
Fixed assets			
Intangible assets	13	23,374	34,162
Tangible assets	14	9,272,129	8,350,152
		<u>9,295,503</u>	<u>8,384,314</u>
Current assets			
Debtors	15	1,058,491	516,532
Cash at bank and in hand		1,354,276	1,355,760
		<u>2,412,767</u>	<u>1,872,292</u>
Current liabilities			
Creditors: amounts falling due within one year	16	(1,044,134)	(660,721)
Net current assets		<u>1,368,633</u>	<u>1,211,571</u>
Total assets less current liabilities		<u>10,664,136</u>	<u>9,595,885</u>
Creditors: amounts falling due after more than one year	17	(48,211)	(24,500)
Net assets before defined benefit pension scheme liability		<u>10,615,925</u>	<u>9,571,385</u>
Defined benefit pension scheme liability	26	(5,827,000)	(3,301,000)
Total net assets		<u><u>4,788,925</u></u>	<u><u>6,270,385</u></u>
Funds of the academy trust:			
Restricted funds	20		
- Restricted fixed asset funds		9,671,382	8,479,941
- Restricted income funds		223,048	397,612
- Pension reserve		(5,827,000)	(3,301,000)
Total restricted funds		<u>4,067,430</u>	<u>5,576,553</u>
Unrestricted income funds	20	<u>721,495</u>	<u>693,832</u>
Total funds		<u><u>4,788,925</u></u>	<u><u>6,270,385</u></u>

The financial statements on pages 19 to 44 were approved by the board of trustees and authorised for issue on 11 Dec 2019 and are signed on their behalf by:


C. A. Christie
Chair

SMART MULTI ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	24		133,338		(1,175,098)
Cash flows from investing activities					
Dividends, interest and rents from investments		948		1,164	
Capital grants from DfE Group		1,043,119		476,528	
Purchase of tangible fixed assets		(1,207,900)		(402,149)	
Net cash (used in)/provided by investing activities			(163,833)		75,543
Cash flows from financing activities					
New other loan		35,084		28,000	
Repayment of other loan		(6,073)		-	
Net cash provided by financing activities			29,011		28,000
Net decrease in cash and cash equivalents in the reporting period			(1,484)		(1,071,555)
Cash and cash equivalents at beginning of the year			1,355,760		2,427,315
Cash and cash equivalents at end of the year			<u>1,354,276</u>		<u>1,355,760</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

General information

SMART Multi Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation

The financial statements of the academy trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The academy trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the academy trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised at fair value of the consideration received or receivable in the period it is receivable and to the extent the academy trust has provided the goods or services.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the academy trust's educational operations to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computer software	20% straight line
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Tangible fixed assets and depreciation

Computer equipment costing £150 or more, and other assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold buildings	2% straight line
Computer equipment	33% straight line
Fixtures, fittings and equipment	20% straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Salix loan

The academy trust has four nil interest Salix loan which have been agreed by the ESFA. The loan is recognised at the loan amount received less any amounts repaid. At the year end, the outstanding balance on the loan was recognised as a liability.

Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

Financial instruments

The academy trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the academy trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers consequently there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each reporting date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency/Department for Education.

PFI

The academy trust occupies buildings under a PFI arrangement. The academy trust pays contributions in respect of facilities management. The academy trust does not have any rights or obligations of ownership in respect of these assets, and therefore they are not included on the academy trust's balance sheet. The academy trust's payment for service is recognised in the SoFA.

Where the academy trust procures and pays for additional furniture or equipment, the costs are capitalised and depreciated in accordance with the tangible fixed assets policy.

2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	1,450,938	1,450,938	476,528
Other donations	1,099	25,241	26,340	3,705
	<u>1,099</u>	<u>1,476,179</u>	<u>1,477,278</u>	<u>480,233</u>

The income from donations and capital grants was £1,477,278 (2018: £480,233) of which £1,099 was unrestricted (2018: £1,705), £25,241 was restricted (2018: £2,000) and £1,450,938 was restricted fixed assets (2018: £476,528).

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	8,938,697	8,938,697	8,760,679
Other DfE group grants	-	1,801,871	1,801,871	1,747,705
	<u>-</u>	<u>10,740,568</u>	<u>10,740,568</u>	<u>10,508,384</u>
Other government grants				
Local authority grants	-	1,183,335	1,183,335	1,133,154
	<u>-</u>	<u>1,183,335</u>	<u>1,183,335</u>	<u>1,133,154</u>
Other incoming resources	181,410	-	181,410	213,751
	<u>181,410</u>	<u>11,923,903</u>	<u>12,105,313</u>	<u>11,855,289</u>

The income from funding for educational operations was £12,105,313 (2018: £11,855,289) of which £181,410 was unrestricted (2018: £213,751) and £11,923,903 was restricted (2018: £11,641,538).

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	27,061	-	27,061	18,415
Staff services	15,071	-	15,071	23,293
Other income	128,186	-	128,186	103,338
	<u>170,318</u>	<u>-</u>	<u>170,318</u>	<u>145,046</u>

The income from other trading activities was £170,318 (2018: £145,046) of which £170,318 was unrestricted (2018: £145,046).

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Interest from short term deposits	948	-	948	1,164
	<u>948</u>	<u>-</u>	<u>948</u>	<u>1,164</u>

The income from funding for investment income was £948 (2018: £1,164) of which £948 was unrestricted (2018: £1,164).

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises Other £ £		Total 2019 £	Total 2018 £
Expenditure on raising funds					
- Direct costs	-	-	170,318	170,318	148,980
Academy's educational operations					
- Direct costs	8,222,554	296,711	698,258	9,217,523	8,874,559
- Allocated support costs	2,163,926	720,051	1,086,499	3,970,476	3,670,418
Total support costs	<u>10,386,480</u>	<u>1,016,762</u>	<u>1,955,075</u>	<u>13,358,317</u>	<u>12,693,957</u>

The expenditure on raising funds was £170,318 (2018: £148,980) of which £170,318 was unrestricted (2018: £148,980).

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

7 Expenditure (Continued)

Net income/(expenditure) for the year includes:	2019 £	2018 £
Operating lease rentals	184,063	173,825
Depreciation of tangible fixed assets	285,923	246,896
Amortisation of intangible fixed assets	10,788	10,788
Net interest on defined benefit pension liability	82,000	86,000
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	20,500	20,500
- Other services	7,500	7,500
	<u>20,500</u>	<u>20,500</u>
	<u>7,500</u>	<u>7,500</u>

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Direct costs				
Educational operations	72,166	9,145,357	9,217,523	8,874,559
Support costs				
Educational operations	83,628	3,886,848	3,970,476	3,670,418
	<u>155,794</u>	<u>13,032,205</u>	<u>13,187,999</u>	<u>12,544,977</u>

The expenditure on charitable activities was £13,187,999 (2018: £12,544,977) of which £155,794 was unrestricted (2018: £184,608), £12,735,494 was restricted (2018: £12,102,685) and £296,711 was restricted fixed assets (2018: £257,684).

	2019 £	2018 £
Analysis of support costs		
Support staff costs	2,163,926	1,753,298
Technology costs	146,268	153,460
Premises costs	720,051	818,650
Other support costs	831,280	849,620
Governance costs	108,951	95,390
	<u>3,970,476</u>	<u>3,670,418</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff

Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	7,289,767	7,190,154
Social security costs	656,836	639,813
Pension costs	2,041,069	1,608,321
Staff costs - employed	9,987,672	9,438,288
Agency staff costs	275,637	200,838
Staff restructuring costs	100,826	25,095
	10,364,135	9,664,221
Staff development and other staff-related costs	22,345	18,475
Total staff expenditure	10,386,480	9,682,696

Staff restructuring costs comprise:

Redundancy payments	-	16,577
Severance payments	18,570	8,518
LGPS strain on fund pension cost	82,256	-
	100,826	25,095

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2018: £8,518).

Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2019 Number	2018 Number
Teachers	131	126
Administration and support	251	251
Management	3	3
	385	380

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff (Continued)

Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2019 Number	2018 Number
£60,001 - £70,000	5	-
£70,001 - £80,000	2	4
£80,001 - £90,000	1	1
£90,001 - £100,000	-	1

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the academy trust during the period was £822,373 (2018: £808,958).

10 Central services

The academy trust has provided the following central services to its academies during the year:

- human resources;
- financial services;
- legal services; and
- educational support services.

The academy trust charges for these services on the following basis:

- 5% of GAG income (excluding high needs funding).

The amounts charged during the year were as follows:

	2019 £	2018 £
Wyndham Primary School	44,849	44,221
Stocksfield Avenue Primary School	88,891	84,428
Farne Primary School	51,183	51,322
Cheviot Primary School	53,976	49,486
Mountfield Primary School	48,330	47,264
Kenton Bar Primary School	60,988	66,018
Kingston Park Primary School	77,161	73,531
North Fawdon Primary School	44,849	41,104
	<u>470,227</u>	<u>457,374</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

11 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

J Corlett (former accounting officer) received remuneration during the year ended 31 August 2018 of £94,435 and pension contributions of £22,088 were paid by the academy trust. In the year ended 31 August 2019, the trust paid J Corlett, who left the organisation on 30 September 2018, as compensation for loss of office an amount equivalent to one months salary plus other benefits. This amount was £22,893, alongside employers pension contributions of £3,966 and a payment of £82,256 for LGPS strain on pension.

During the period ended 31 August 2019, travel and subsistence expenses totalling £nil (2018: £284) were reimbursed or paid directly to 1 trustee (2018: 1).

12 Trustees and officers insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

13 Intangible fixed assets

	Computer software £
Cost	
At 1 September 2018 and at 31 August 2019	53,941
Amortisation	
At 1 September 2018	19,779
Charge for year	10,788
At 31 August 2019	30,567
Carrying amount	
At 31 August 2019	23,374
At 31 August 2018	34,162

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

14 Tangible fixed assets

	Freehold buildings	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 September 2018	8,412,279	195,893	180,580	8,788,752
Additions	1,105,966	26,945	74,989	1,207,900
At 31 August 2019	9,518,245	222,838	255,569	9,996,652
Depreciation				
At 1 September 2018	293,243	85,520	59,837	438,600
Charge for the year	174,120	69,581	42,222	285,923
At 31 August 2019	467,363	155,101	102,059	724,523
Net book value				
At 31 August 2019	9,050,882	67,737	153,510	9,272,129
At 31 August 2018	8,119,036	110,373	120,743	8,350,152

15 Debtors

	2019 £	2018 £
Trade debtors	2,480	1,244
VAT recoverable	282,755	204,205
Prepayments and accrued income	773,256	311,083
	1,058,491	516,532

16 Creditors: amounts falling due within one year

	2019 £	2018 £
Other loans	8,800	3,500
Trade creditors	267,065	1,259
Other taxation and social security	153,789	155,780
Other creditors	169,114	166,904
Accruals and deferred income (see note 18)	445,366	333,278
	1,044,134	660,721

17 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other loans	48,211	24,500

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

17	Creditors: amounts falling due after more than one year	2019	2018 (Continued)
	Analysis of loans		
	Not wholly repayable within five years other than by instalments:	57,011	28,000
	Less: included in current liabilities	(8,800)	(3,500)
		<u>48,211</u>	<u>24,500</u>
	Amounts included above		
		<u>13,011</u>	<u>10,500</u>
	Instalments not due within five years		
		<u>57,011</u>	<u>28,000</u>
	Loan maturity		
	Debt due in one year or less	8,800	3,500
	Due in more than one year but not more than two years	8,800	3,500
	Due in more than two years but not more than five years	26,400	10,500
	Due in more than five years	13,011	10,500
		<u>57,011</u>	<u>28,000</u>

Other loans are loans from Salix. The loans are repayable in annual instalments over 6-8 years.

18	Deferred income	2019 £	2018 £
	Deferred income is included within:		
	Creditors due within one year	<u>345,784</u>	<u>271,739</u>
	Deferred income at 1 September 2018	271,739	726,978
	Released from previous years	(271,739)	(726,978)
	Resources deferred in the year	<u>345,784</u>	<u>271,739</u>
	Deferred income at 31 August 2019	<u>345,784</u>	<u>271,739</u>

At the reporting date, the academy trust was holding funds received in advance for early years funding, universal infant free school meals and high needs funding.

19	Financial instruments	2019 £	2018 £
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	<u>657,661</u>	<u>206,397</u>
	Carrying amount of financial liabilities		
	Measured at amortised cost	<u>592,772</u>	<u>257,702</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

20 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	397,612	8,938,697	(9,076,047)	(37,214)	223,048
Other DfE / ESFA grants	-	1,801,871	(1,801,871)	-	-
Other government grants	-	1,183,335	(1,183,335)	-	-
Other restricted funds	-	25,241	(25,241)	-	-
Pension reserve	(3,301,000)	-	(649,000)	(1,877,000)	(5,827,000)
	<u>(2,903,388)</u>	<u>11,949,144</u>	<u>(12,735,494)</u>	<u>(1,914,214)</u>	<u>(5,603,952)</u>
Restricted fixed asset funds					
Inherited on conversion	7,692,542	-	(227,062)	-	7,465,480
DfE group capital grants	733,096	1,450,938	(56,963)	-	2,127,071
Capital expenditure from GAG	54,303	-	(12,686)	37,214	78,831
	<u>8,479,941</u>	<u>1,450,938</u>	<u>(296,711)</u>	<u>37,214</u>	<u>9,671,382</u>
Total restricted funds	<u>5,576,553</u>	<u>13,400,082</u>	<u>(13,032,205)</u>	<u>(1,877,000)</u>	<u>4,067,430</u>
Unrestricted funds					
General funds	<u>693,832</u>	<u>353,775</u>	<u>(326,112)</u>	<u>-</u>	<u>721,495</u>
Total funds	<u>6,270,385</u>	<u>13,753,857</u>	<u>(13,358,317)</u>	<u>(1,877,000)</u>	<u>4,788,925</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

20 Funds (Continued)

The specific purposes for which the funds are to be applied are as follows:

General Annual Grant

General Annual Grant must be used for the normal running costs of the academy trust. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Other DfE/ESFA grants

Other DfE/ESFA grants comprise pupil premium targeted at disadvantaged pupils, free school meals income and other grants.

Other government grants

Other government grants include high needs funding, 2 year old grant income and Early Years funding.

Other restricted funds

Other restricted funds include funds given for a specific purpose.

Pension reserve

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 26.

Inherited on conversion

Transferred on conversion include the buildings of the academy trust. Depreciation will be charged to the fund over the life of the related assets.

DfE group capital grants

Capital grants have been received for utilisation on building improvements and refurbishments. Costs incurred have been charged to the fund.

Capital expenditure from GAG

This represents the total capital expenditure from the GAG. Depreciation will be charged to the fund over the life of the related assets.

Unrestricted funds

General funds can be used for any purpose, at the discretion of the trustees, within the objectives of the academy trust.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

20 Funds (Continued)

Funds prior year

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	511,268	8,760,679	(8,871,826)	(2,509)	397,612
Other DfE / ESFA grants	-	1,747,705	(1,747,705)	-	-
Other government grants	-	1,133,154	(1,133,154)	-	-
Other restricted funds	-	2,000	(2,000)	-	-
Pension reserve	(3,755,000)	-	(348,000)	802,000	(3,301,000)
	<u>(3,243,732)</u>	<u>11,643,538</u>	<u>(12,102,685)</u>	<u>799,491</u>	<u>(2,903,388)</u>
Restricted fixed asset funds					
Transfer on conversion	7,919,604	-	(227,062)	-	7,692,542
DfE group capital grants	274,922	476,528	(18,354)	-	733,096
Capital expenditure from GAG	64,062	-	(12,268)	2,509	54,303
	<u>8,258,588</u>	<u>476,528</u>	<u>(257,684)</u>	<u>2,509</u>	<u>8,479,941</u>
Total restricted funds	<u>5,014,856</u>	<u>12,120,066</u>	<u>(12,360,369)</u>	<u>802,000</u>	<u>5,576,553</u>
Unrestricted funds					
General funds	<u>665,754</u>	<u>361,666</u>	<u>(333,588)</u>	<u>-</u>	<u>693,832</u>
Total funds	<u>5,680,610</u>	<u>12,481,732</u>	<u>(12,693,957)</u>	<u>802,000</u>	<u>6,270,385</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

20 Funds (Continued)

Total funds analysis by academy

	2019	2018
	£	£
Fund balances at 31 August 2019 were allocated as follows:		
Wyndham Primary School	44,693	99,812
Stocksfield Avenue Primary School	428,543	359,007
Farne Primary School	14,698	67,324
Cheviot Primary School	157,833	232,865
Mountfield Primary School	123,408	94,593
Kenton Bar Primary School	59,848	94,068
Kingston Park Primary School	197,180	116,063
North Fawdon Primary School	10,298	46,745
Central services	(91,958)	(19,033)
Total before fixed assets fund and pension reserve	944,543	1,091,444
Restricted fixed asset fund	9,671,382	8,479,941
Pension reserve	(5,827,000)	(3,301,000)
Total funds	4,788,925	6,270,385

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

20 Funds (Continued)

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation, amortisation and LGPS pension charges	Total 2019	Total 2018
	£	£	£	£	£	£
Wyndham Primary School	745,838	124,904	73,483	155,540	1,099,765	1,078,125
Stocksfield Avenue Primary School	1,384,298	151,557	99,586	398,879	2,034,320	1,989,485
Farne Primary School	893,765	135,856	77,140	152,261	1,259,022	1,199,934
Cheviot Primary School	1,037,496	191,726	96,234	199,647	1,525,103	1,443,641
Mountfield Primary School	818,319	78,618	75,042	209,910	1,181,889	1,154,680
Kenton Bar Primary School	1,193,084	101,181	79,969	242,268	1,616,502	1,595,874
Kingston Park Primary School	1,340,243	230,781	99,463	266,436	1,936,923	1,975,178
North Fawdon Primary School	808,344	152,173	94,634	161,063	1,216,214	1,095,467
Central services	1,167	430,130	17,778	93,793	542,868	555,789
	<u>8,222,554</u>	<u>1,596,926</u>	<u>713,329</u>	<u>1,879,797</u>	<u>12,412,606</u>	<u>12,088,173</u>

21 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Fund balances at 31 August 2019 are represented by:				
Intangible fixed assets	-	-	23,374	23,374
Tangible fixed assets	-	-	9,272,129	9,272,129
Current assets	721,495	1,258,382	432,890	2,412,767
Creditors falling due within one year	-	(1,035,334)	(8,800)	(1,044,134)
Creditors falling due after one year	-	-	(48,211)	(48,211)
Defined benefit pension liability	-	(5,827,000)	-	(5,827,000)
Total net assets	<u>721,495</u>	<u>(5,603,952)</u>	<u>9,671,382</u>	<u>4,788,925</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

21 Analysis of net assets between funds (Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Intangible fixed assets	-	-	34,162	34,162
Tangible fixed assets	-	-	8,350,152	8,350,152
Current assets	694,510	1,054,155	123,627	1,872,292
Creditors falling due within one year	(678)	(656,543)	(3,500)	(660,721)
Creditors falling due after one year	-	-	(24,500)	(24,500)
Defined benefit pension liability	-	(3,301,000)	-	(3,301,000)
Total net assets	693,832	(2,903,388)	8,479,941	6,270,385

22 Capital commitments

	2019 £	2018 £
Expenditure contracted for but not provided in the financial statements	601,253	117,806

23 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	173,190	184,063
Amounts due between one and five years	686,898	689,366
Amounts due after five years	1,536,516	1,707,240
	2,396,604	2,580,669

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

24 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019 £	2018 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	395,540	(212,225)
Adjusted for:		
Capital grants from DfE and other capital income	(1,450,938)	(476,528)
Interest receivable	(948)	(1,164)
Defined benefit pension scheme costs less contributions payable	567,000	262,000
Defined benefit pension scheme finance cost	82,000	86,000
Depreciation of tangible fixed assets	285,923	246,896
Amortisation of intangible fixed assets	10,788	10,788
Movements in working capital:		
(Increase)/decrease in debtors	(134,140)	131,569
Increase/(decrease) in creditors	378,113	(1,222,434)
Net cash provided by/(used in) operating activities	133,338	(1,175,098)

25 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

26 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Newcastle City Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and of the LGPS 31 March 2016.

Contributions amounting to £162,424 (2018: £159,831) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer.

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

26 Pension and similar obligations (Continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion.
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- National past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19.) DfE has agreed to pay a teachers' pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

The employer's pension costs paid to the TPS in the period amounted to £740,069 (2018: £700,321).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16.7% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Total contributions made	2019 £	2018 £
Employer's contributions	734,000	646,000
Employees' contributions	157,000	156,000
Total contributions	<u>891,000</u>	<u>802,000</u>

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

26 Pension and similar obligations (Continued)

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2019 by a qualified independent actuary.

	2019 %	2018 %
Rate of increase in salaries	3.6	3.5
Rate of increase for pensions in payment/inflation	2.1	2.0
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	2.1	2.0

The assumed life expectations on retirement age 65 are:

	2019 Years	2018 Years
Retiring today		
- Males	21.9	22.9
- Females	25.1	26.4
Retiring in 20 years		
- Males	23.6	25.1
- Females	26.9	28.7

The academy trust's share of the assets in the scheme

	2019 Fair value £	2018 Fair value £
Equities	3,859,000	3,206,000
Government bonds	242,000	190,000
Corporate bonds	672,000	532,000
Cash	124,000	105,000
Property	507,000	404,000
Other assets	489,000	313,000
Total fair value of assets	5,893,000	4,750,000

The actual return on scheme assets was £505,000 (2018: £282,000).

Amount recognised in the Statement of Financial Activities

	2019 £	2018 £
Current service cost	836,000	908,000
Net interest cost	82,000	86,000
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	465,000	-
Total operating charge	1,383,000	994,000

SMART MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

26 Pension and similar obligations (Continued)

Changes in the present value of defined benefit obligations	2019 £
At 1 September 2018	8,051,000
Current service cost	836,000
Interest cost	224,000
Employee contributions	157,000
Actuarial loss/(gain)	2,240,000
Benefits paid	(253,000)
Past service cost	465,000
At 31 August 2019	11,720,000

Changes in the fair value of the academy trust's share of scheme assets

	2019 £
At 1 September 2018	4,750,000
Interest income	142,000
Return on plan assets (excluding net interest on the net defined pension liability)	363,000
Employer contributions	734,000
Employee contributions	157,000
Benefits paid	(253,000)
At 31 August 2019	5,893,000

27 Related party transactions

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 11.